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Message Text

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11
ACTION EA-13

INFO OCT-01 SS-14 ISO-00 L-02 PM-03 NSC-10 NSCE-00 PRS-01

CIEP-01 INT-01 EB-03 SCEM-01 TRSE-00 COME-00 CIAE-00

INR-10 NSAE-00 RSC-01 NEA-06 DRC-01 /068 W
---------- 028113
P R 190701Z NOV 73
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 9250
INFO AMEMBASSY JIDDA
AMEMBASSY TEL AVIV
USUN 447

C O N F I D E N T I A L MANILA 12955

LIMDIS

E.O. 11652: GDS
TAGS: ENRG, RP
SUBJECT: PRESIDENT MARCOS DISCUSSES ACQUISITION OF BATAAN REFINERY, PROPOSED PRICE INCREASES

REF: MANILA 12753 (NOTAL)

1. PRESIDENT MARCOS CALLED ME TO PALACE MORNING NOVEMBER 19 TO INFORM ME THAT HIS GOVERNMENT HAS DECIDED TO ACCEPT ESSO EASTERN OFFER REPORTED REFTEL AND ACQUIRE ESSO PHILIPPINES 57 PERCENT INTEREST IN BATAAN REFINERY. HE HAS ALSO INSTRUCTED HIS EXECUTIVE ASSISTANT TO ASK LOCAL MOBIL REPRESENTATIVE WHETHER MOBIL WILL BE INTERESTED IN SELLING ITS 43 PERCENT INTEREST ON THE SAME BASIS, THEREBY GIVING PHILIPPINE NATIONAL OIL COMPANY 100 PERCENT OWNERSHIP OF ENTIRE REFINERY.

2. SECONDLY, HE HAS INSTRUCTED HIS OFFICIALS TO ACCEPT THE CURRENTLY PROPOSED PRICE INCREASES FILED BY THE OIL COMPANIES, BUT, AT THE SAME TIME, TO WORK OUT SOME FORMULA TO AVOID OPEN-ENDED AUTOMATIC PRICE
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ESCALATION. HE FELT TOTALLY AUTOMATIC ARRANGEMENT

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WOULD GIVE ARABS CARTE BLANCEH, AND THEY WOULD NOT RESIST TEMPTATION TO SQUEEZE CONSUMER NATIONS MERCILESSLY.

3. MARCOS ALSO TOLD ME THAT HE HAS SENT ROMULO INSTRUCTIONS IN NEW YORK TO PROCEED IMMEDIATELY TO JIDDA AND ATTEMPT OBTAIN AUTHORITATIVE STATEMENT OF SAUDI OIL POLICY TOWARDS PHILIPPINES FROM KING FAISAL HIMSELF. MARCOS CLAIMS HIS VARIOUS REPRESENTATIVES IN SAUDI ARABIA HAVE GOTTEN VARIOUS READINGS FROM VARIOUS SAUDI MINISTERS, BUT NO RPT NO OFFICIAL DOCUMENTARY STATEMENTS WHICH WOULD PERMIT HIM TO PROCEED WITH CONFIDENCE TO HAVE NATIONAL OIL COMPANY PICK UP ARAB OIL FOR BATAAN REFINERY. HE FEELS HE MUST GET THIS PINNED DOWN BEFORE FURTHER CONDITIONS GET IMPOSED.

4. AT THIS POINT, I TOOK NOTE OF VARIOUS OFFICIAL PHILIPPINE STATEMENTS WHICH SUGGEST A SHIFT IN MANILA'S RELATIONS WITH ISRAEL. MARCOS ADMITTED HE WAS BEING PRESSED FARTHER THAN HE LIKED ON THE ISRAELI QUESTION, COMPLAINED ABOUT THE EXAMPLE THAT HAD BEEN SET BY THE EUROPEANS, AND EXPRESSED CONCERN THAT ARAB FORMULATIONS ON THIS ISSUE WOULD ALSO INVOLVE OPEN-ENDED AUTOMATIC ESCALATION.

5. WE ARE CHECKING FURTHER WITH ESSO AND MOBIL, AND WILL REPORT ANY INFORMATION WHICH THEY CAN ADD TO THESE DEVELOPMENTS.
SULLIVAN

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